UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

APPLE INC.,

Petitioner,

-against-

DOE,

Respondent.

Civil Action No. 1:17-mc-00150-P1

**MEMORANDUM OF LAW IN SUPPORT OF AN EXPEDITED ORDER COMPELLING COMPLIANCE WITH APPLE INC.'S RULE 45 SUBPOENA**

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Apple Inc. ("Apple") moves this Court for an Order compelling compliance with its duly issued and served subpoena to OEM World Inc. ("OEM World") pursuant to Rule 45(d)(2)(B)(i) of the Federal Rules of Civil Procedure.

## I. BACKGROUND

### A. The Nature of the Action Pending in the Northern District of California.

Apple's action in the Northern District of California is against a New Jersey-based defendant, Mobile Star, LLC ("Mobile Star"), which sells goods bearing Apple's registered trademarks and copies of Apple's registered copyrighted work—either directly on the goods or on the packaging in which the goods are sold. Zellerbach Decl. ¶¶ 3-4, Ex. A. Through Apple test purchases from Amazon.com and Groupon, both of which unequivocally identified Mobile Star as their source of Apple-branded products sold by them to Apple, as well as through test purchases directly from Mobile Star, Apple learned that Mobile Star was selling counterfeit Apple-branded products. Zellerbach Decl. ¶ 4. The counterfeit products distributed by Mobile Star include power adapters and Lightning® cables used to charge Apple's well-known consumer products. Apple's tests confirmed that the counterfeit power adapters were so poorly designed and constructed that they pose serious safety risks, including the possibility of fire, electric shock, and even electrocution. Zellerbach Decl. Ex. B (Pearson Decl.) ¶¶ 7-9.

After Mobile Star was identified as a source of counterfeit Apple products, Apple sought Mobile Star's cooperation in identifying its upstream vendors of the counterfeit Apple products so these dangerous products could be removed from the market. After Mobile Star repeatedly refused to provide such information, Apple finally filed suit against Mobile Star and Doe defendants alleging violations of the Lanham Act, 15 U.S.C. §§ 1114(1) (Trademark Counterfeiting and Infringement), 1125(a)(1)(A) (False Designation of Origin), the Copyright Act, 17 U.S.C. § 501 (Copyright Infringement), and a claim under California state law.

Discovery in that action enabled Apple to learn the identity of Mobile Star's upstream suppliers of Apple-branded goods. Respondent OEM World was one of the suppliers identified as a source of Mobile Star's Apple-branded products during expedited discovery.

Zellerbach Decl. ¶ 7.

### B. Apple's Attempts to Obtain Discovery From OEM World.

After the entry of a stipulated preliminary injunction against Mobile Star and the start of the regular discovery period under Rule 26, Apple served Rule 45 subpoenas on entities identified as Mobile Star's sources of Apple-branded products in order to determine the ultimate source of the counterfeit products sold by Mobile Star. The requests served on Mobile Star's suppliers, including Respondent OEM World, were extremely narrow, seeking only documents in the four following categories:

1. Records of transactions through which the entity acquired Apple-branded products between October 17, 2013, and October 17, 2016;
2. Communications during the same time period regarding the genuineness or origin of Apple-branded products;
3. Documents and communications exchanged with Mobile Star concerning Apple-branded products; and
4. Communications exchanged with Mobile Star that discuss the litigation between Apple and Mobile Star.

Zellerbach Decl. ¶ 8, Ex. C.

OEM World was served with the subpoena at issue on February 22, 2017. Zellerbach Decl. Ex. D. OEM World failed to serve any objections to the subpoena, asking only for a short extension of the date to produce documents, which was given. Shaffer Decl. ¶ 7. On March 30, 2017, OEM World delivered to Apple's counsel's offices 15 pages of documents consisting of six invoices of sales to Mobile Star and documentation of seven purchases of Apple-branded products by OEM World. Shaffer Decl. ¶ 8. OEM World's production, however, did not include any of the communications requested in the subpoena and appears deficient as to all of OEM World's sources for Apple-branded products.

**C. Material Omitted From OEM World's Production.**

Records Related to Apple-branded Products. OEM World produced invoices showing sales of 21,780 units of various Apple-branded products to Mobile Star from July through August 2016. OEM World produced invoices showing the acquisition of 25,600 units of Apple-branded products during and prior to that same period. The 25,600 units only makes sense if Mobile Star is virtually OEM World's only customer of Apple-branded goods. Apple understands that OEM World has other customers and so believes that the records of its acquisition of Apple-branded products is incomplete. Apple requested all such records so that the suppliers, including OEM World, would not be able to cherry pick invoices to produce to Apple.

Communications. OEM World did not produce a single communication in response to Apple's subpoena and offered no explanation as to why communications were omitted. The sought after communications are, as discussed below, highly relevant to this case.

**D. Apple's Efforts To Meet and Confer.**

Subsequent to OEM World's production of materials on March 30, 2017, Apple contacted OEM World's counsel on the same day to verify whether the produced documents were designated confidential under the case protective order in the Northern District of California. Zellerbach Decl. Ex. E. Apple received no response, and followed up with a second email on April 11, 2017, to which OEM World's counsel responded and provided the designations. *Id.* After analyzing OEM World's production in light of documents produced by other entities, which included invoices and multiple communications with Mobile Star, and cross-referencing it against documents produced by Mobile Star, Apple sent a letter requesting an opportunity to meet and confer regarding items omitted from OEM World's production. The letter was sent via email to OEM World's counsel on April 25, 2017, and also delivered via overnight Federal Express. Shaffer Decl. ¶ 10. Apple has not received a response as of the filing of this motion, and thus has not been able to make basic inquiries as to the scope of OEM World's search for responsive documents and the reasons documents were omitted from OEM World's production.

## II. ARGUMENT

### A. This Court Should Grant Apple's Motion To Compel.

Federal Rule of Civil Procedure 45(d)(2)(B)(i) states that "[a]t any time, on notice to the commanded person, the serving party may move the court for the district where compliance is required for an order compelling production or inspection." Here, the Southern District of New York is the district "where compliance is required." *Id.*; Zellerbach Decl. Ex. C.

### B. OEM World Was Properly Served With The Subpoena.

The subpoena was properly served on OEM World pursuant to Rule 45(b) of the Federal Rules of Civil Procedure, which requires service by a "person who is at least 18 years old and not a party" upon "the named person." Zellerbach Decl. Ex. D. Apple's process server delivered a copy of the subpoena to OEM World's business address on February 22, 2017, and left a copy of the subpoena with a person who identified himself as a manager of the business. *Id.* OEM World subsequently complied only in part with the subpoena by making its incomplete production on March 30, 2017.

**C. The Information Requested In The Subpoena Is Relevant, Material, And Proportional To The Needs Of The Case.**

"[T]he party issuing the subpoena must demonstrate that the information sought is relevant and material to the allegations and claims at issue in the proceedings.'" *Jalayer v. Stigliano*, No. CV 10-2285 (LDH) (AKT), 2016 WL 5477600, at *2 (E.D.N.Y. Sept. 29, 2016) (citation omitted). Rule 45 subpoenas are subject to Rule 26, which recognizes that "information is discoverable ... if it is relevant to any party's claim or defense and is proportional to the needs of the case." *Id.* (quoting the Rule 26 Advisory Committee Notes to 2015 Amendments).

The information sought by Apple from OEM World is relevant to both Apple's claims against Mobile Star and Mobile Star's defenses. Central to Apple's claims are allegations that Mobile Star is purchasing and distributing counterfeit versions of Apple's well-known products, many of which are dangerous power products that are not subject to the quality and safety standards of genuine Apple goods. Identifying the ultimate source of Mobile Star's inventory is central to the inquiry about the genuineness of the Apple-branded products sold by OEM World and, in turn, Mobile Star. OEM World should be compelled to produce all of its supplier information for Apple-branded products to ensure it cannot cherry pick invoices from more reputable sources and conceal goods purchased from likely counterfeiters.

Another claim central to Apple's suit against Mobile Star is that Mobile Star's infringement was willful. *See* 15 U.S.C. § 1117(c)(2) (authorizing enhanced statutory damages for willful counterfeiting); Zellerbach Decl. Ex. A at ¶ 44. Thus, communications between OEM World and Mobile Star are relevant and material to showing the extent of Mobile Star's knowledge about the counterfeit nature of any of the Apple-branded products. For instance, communications from OEM World identifying the sources of its products, discussing the origin of the Apple-branded products at issue, or discussing the litigation between Mobile Star and

Apple are all germane to establishing what Mobile Star knew and when. OEM World's communications with its upstream vendors and customers concerning the genuineness of the Apple-branded products it was distributing are clearly relevant to the genuineness of the Apple-branded products that OEM World and thus Mobile Star were selling.

Finally, Mobile Star's consistent defense in the action pending in the Northern District of California has been that its suppliers are "long-time, reputable suppliers that acquire excess and discontinued inventory from mobile phone carriers and phone warranty companies." Zellerbach Decl. Ex. F. The nature of Mobile Star's suppliers, such as OEM World, and where they source their Apple-branded products is thus highly relevant to establishing (or disproving) Mobile Star's "reputable suppliers" defense.

**D. Any Objection To Apple's Subpoena Is Untimely And Should Be Deemed Waived.**

If OEM World had valid objections to assert to the scope or subject of Apple's subpoena, such objections were due on March 8, 2017, 14 days after service. Fed. R. Civ. P. 45(d)(2)(B); *see, e.g.*, *Nimkoff Rosenfeld & Schechter, LLP v. RKO Props., Ltd.*, No. 07 Civ. 7983 (DAB)(HBP), 2016 WL 3042733, at *4 (S.D.N.Y. May 24, 2016) (holding untimely objections to be waived under Rule 45 unless the objecting party shows good cause for the delay). The first Apple heard from OEM World was on or around March 24, 2017, after the objection deadline had passed. Even at that time, OEM World raised no objection to the subpoena itself, requesting only a few extra days to produce the requested documents. Shaffer Decl. ¶ 7. On this record, good cause does not exist to excuse OEM World's failure to make timely objections, and the Court should hold any late-asserted objection to be waived.

**E. Compliance With The Subpoena Is Neither Unduly Burdensome Nor Likely To Create Significant Expense.**

The burden of producing the requested materials on OEM World is minimal. *See* Fed. R.

Civ. P. 45(d)(1) (a subpoena should "avoid imposing *undue* burden" (emphasis added)); 45(d)(2)(ii) (a party should not incur "significant expense" complying with a subpoena). OEM World has already shown that it is able to produce various invoices related to its acquisition of some Apple-branded products, and completing its production is not unduly burdensome. Searching for communications and text messages will not be burdensome because the relevant email addresses are known and easily located through simple electronic searches. There is no basis to find that such a search would create any significant expense.

## III. CONCLUSION

For the reasons stated above, Apple requests that the Court order OEM World to show cause why it should not complete its production of documents responsive to the four requests in Apple's subpoena by May 15, 2017.

Dated: New York, New York
May 2, 2017

Respectfully submitted,

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